

**STATE OF NEW MEXICO  
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES  
OIL CONSERVATION DIVISION**

**APPLICATION OF EARTHSTONE  
OPERATING, LLC TO EXTEND TIME  
TO COMMENCE DRILLING OPERATIONS,  
LEA COUNTY, NEW MEXICO.**

**CASE NO. 24383  
ORDER NO. R-22739**

**EXHIBIT INDEX**

Exhibit A	Self-Affirmed Statement of Mason Maxwell
A-1	Application & Proposed Notice of Hearing
A-2	Order No. R-22739
Exhibit B	Self-Affirmed Statement of Dana S. Hardy
B-1	Notice Letters to All Interested Parties
B-2	Chart of Notice to All Interested Parties
B-3	Copies of Certified Mail Receipts and Returns
B-4	Affidavit of Publication for April 11, 2024

STATE OF NEW MEXICO  
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES  
OIL CONSERVATION DIVISION

APPLICATION OF EARTHSTONE  
OPERATING, LLC TO EXTEND TIME  
TO COMMENCE DRILLING OPERATIONS,  
LEA COUNTY, NEW MEXICO.

CASE NO. 24383  
ORDER NO. R-22739

SELF-AFFIRMED STATEMENT  
OF MASON MAXWELL

1. I am a landman with Permian Resources Operating, LLC (“Permian Resources”), which recently acquired Earthstone Operating, LLC (“Earthstone”). I am over 18 years of age, have personal knowledge of the matters addressed herein, and am competent to provide this Self-Affirmed Statement. I have previously testified before the Oil Conservation Division (“Division”), and my qualifications as an expert in petroleum land matters were accepted as a matter of record.

I am familiar with the above-referenced application and the matters involved.

2. Copies of Earthstone’s Application and Proposed Hearing Notice are attached as **Exhibit A-1**.

3. The Division entered Order No. R-22739 in Case No. 23478 on June 7, 2023, approving a 285-acre, more or less, standard horizontal spacing unit comprised of Lots 1 through 4 (W/2 W/2 equivalent) of Sections 7 and 18, Township 21 South, Range 35 East, Lea County, New Mexico (“Unit”), and designating Earthstone as operator of the Unit.

4. The Order further pooled all uncommitted interests within the Bone Spring formation in the Wilson; Bone Spring Pool (Code 64560) underlying the Unit and dedicated the Unit to the Outland 18-7 State Com 111H and Outland 18-7 Sate Com 221H wells (“Wells”). A copy of the Order is attached as **Exhibit A-2**.

Earthstone Operating, LLC  
Case No. 24383  
Exhibit A

5. The Order requires Earthstone to commence drilling the Wells within one (1) year of the date of the Order unless an extension is obtained from the Division Director for good cause shown.

6. Earthstone's overall development plans in the immediate area would be best served by co-developing the Wells with adjacent lands to prevent waste (i.e. parent-child effects). Drilling in the adjacent tracts has been delayed by limited rig availability, which has impacted Earthstone's ability to commence drilling the Wells. Therefore, good cause exists for the requested extension.

7. Accordingly, Earthstone requests that the Division extend the deadline to commence drilling the Wells to June 7, 2025.

8. Earthstone further requests the other provisions of the Order remain in force and effect.

9. Earthstone is in good standing under the statewide rules and regulations.

10. In my opinion, the granting of Earthstone's application would best serve the interests of conservation, the protection of correlative rights, and the prevention of waste.

11. The attached exhibits were compiled from company business records.

12. I understand this Self-Affirmed Statement will be used as written testimony in the subject cases. I affirm that my testimony above is true and correct and is made under penalty of perjury under the laws of the State of New Mexico. My testimony is made as of the date handwritten next to my signature below.

  
\_\_\_\_\_  
Mason Maxwell

04/29/2024  
Date

**STATE OF NEW MEXICO  
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES  
OIL CONSERVATION DIVISION**

**APPLICATION OF EARTHSTONE  
OPERATING, LLC TO EXTEND TIME  
TO COMMENCE DRILLING OPERATIONS,  
LEA COUNTY, NEW MEXICO.**

**Case No. 24383  
Order No. R-22739**

**APPLICATION**

Earthstone Operating, LLC (“Earthstone”) (OGRID No. 331165) files this application with the Oil Conservation Division (“Division”) requesting a one-year extension of time to commence drilling the wells authorized by Order No. R-22739. In support of its application, Earthstone states the following.

1. The Division issued Order No. R-22739 in Case No. 23478 on June 7, 2023, approving a 285-acre, more or less, standard horizontal spacing unit comprised of Lots 1 through 4 (W/2 W/2 equivalent) of Sections 7 and 18, Township 21 South, Range 35 East, Lea County, New Mexico (“Unit”), and designating Earthstone as operator of the Unit.

2. The Order further pooled all uncommitted interests within the Bone Spring formation in the Wilson; Bone Spring pool (Code 64560) underlying the Unit and dedicated the Unit to the Outland 18-7 State Com 111H and Outland 18-7 State Com 221H wells (collectively “Wells”).

3. The Order requires Earthstone to commence drilling the Wells within one (1) year of the date of the Order unless Earthstone obtains a time extension from the Division Director for good cause shown.

4. Earthstone’s overall development plans in the immediate area would be best served by co-developing the Wells with adjacent lands to prevent waste (i.e. parent-child effects), and

**Earthstone Operating, LLC  
Case No. 24383  
Exhibit A-1**

drilling in the adjacent tracts has been delayed by limited rig availability. As a result, Earthstone's ability to commence drilling the Wells has been delayed.

5. Good cause exists for the requested extension.

6. Accordingly, Earthstone requests that the Division extend the deadline to commence drilling the Wells to June 7, 2025.

WHEREFORE, Earthstone requests that this application be set for hearing on May 2, 2024, and after notice and hearing, the Division extend the deadline for Earthstone to commence drilling the Wells until June 7, 2025.

Respectfully submitted,

HINKLE SHANOR LLP

*/s/ Dana S. Hardy*

\_\_\_\_\_  
Dana S. Hardy

Jaclyn M. McLean

P.O. Box 2068

Santa Fe, NM 87504-2068

Phone: (505) 982-4554

Facsimile: (505) 982-8623

[dhardy@hinklelawfirm.com](mailto:dhardy@hinklelawfirm.com)

[jmclean@hinklelawfirm.com](mailto:jmclean@hinklelawfirm.com)

*Counsel for Earthstone Operating, LLC*

**Application of Earthstone Operating, LLC to Extend Time to Commence Drilling Operations, Lea County, New Mexico.** Earthstone Operating, LLC (“Applicant”) requests a one-year extension of time to commence drilling the wells authorized by Order No. R-22739. Order No. R-22739 was issued on June 7, 2023, approving a 285-acre, more or less, standard horizontal spacing unit comprised of Lots 1 through 4 (W/2 W/2 equivalent) of Sections 7 and 18, Township 21 South, Range 35 East, Lea County, New Mexico (“Unit”), and designating Applicant as operator of the Unit. The Order further pooled all uncommitted interests within the Bone Spring formation underlying the Unit and dedicated the Unit to the Outland 18-7 State Com 111H and Outland 18-7 State Com 221H wells (collectively “Wells”). The Order requires Applicant to commence drilling the Wells within one year of the date of the Order unless Applicant obtains a time extension from the Division Director for good cause shown. Applicant requests that the Division extend the deadline to commence drilling the Wells until June 7, 2025. The Wells are located approximately 15 miles northwest of Eunice, New Mexico.

**STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION**

**IN THE MATTER OF APPLICATION FOR  
COMPULSORY POOLING SUBMITTED BY  
EARTHSTONE OPERATING, LLC**

**CASE NO. 23478  
ORDER NO. R-22739**

**ORDER**

The Director of the New Mexico Oil Conservation Division (“OCD”), having heard this matter through a Hearing Examiner on May 18, 2023, and after considering the testimony, evidence, and recommendation of the Hearing Examiner, issues the following Order.

**FINDINGS OF FACT**

1. Earthstone Operating, LLC (“Operator”) submitted an application (“Application”) to compulsory pool the uncommitted oil and gas interests within the spacing unit (“Unit”) described in Exhibit A. Operator seeks to be designated the operator of the Unit.
2. Operator will dedicate the well(s) described in Exhibit A (“Well(s)”) to the Unit.
3. Operator proposes the supervision and risk charges for the Well(s) described in Exhibit A.
4. Operator identified the owners of uncommitted interests in oil and gas minerals in the Unit and provided evidence that notice was given.
5. The Application was heard by the Hearing Examiner on the date specified above, during which Operator presented evidence through affidavits in support of the Application. No other party presented evidence at the hearing.

**CONCLUSIONS OF LAW**

6. OCD has jurisdiction to issue this Order pursuant to NMSA 1978, Section 70-2-17.
7. Operator is the owner of an oil and gas working interest within the Unit.
8. Operator satisfied the notice requirements for the Application and the hearing as required by 19.15.4.12 NMAC.
9. OCD satisfied the notice requirements for the hearing as required by 19.15.4.9 NMAC.
10. Operator has the right to drill the Well(s) to a common source of supply at the depth(s) and location(s) in the Unit described in Exhibit A.

**Earthstone Operating, LLC  
Case No. 24383  
Exhibit A-2**



11. The Unit contains separately owned uncommitted interests in oil and gas minerals.
12. Some of the owners of the uncommitted interests have not agreed to commit their interests to the Unit.
13. The pooling of uncommitted interests in the Unit will prevent waste and protect correlative rights, including the drilling of unnecessary wells.
14. This Order affords to the owner of an uncommitted interest the opportunity to produce his just and equitable share of the oil or gas in the pool.

**ORDER**

15. The uncommitted interests in the Unit are pooled as set forth in Exhibit A.
16. The Unit shall be dedicated to the Well(s) set forth in Exhibit A.
17. Operator is designated as operator of the Unit and the Well(s).
18. If the location of a well will be unorthodox under the spacing rules in effect at the time of completion, Operator shall obtain the OCD's approval for a non-standard location in accordance with 19.15.16.15(C) NMAC.
19. If the Unit is a non-standard horizontal spacing unit which has not been approved under this Order, Operator shall obtain the OCD's approval for a non-standard horizontal spacing unit in accordance with 19.15.16.15(B)(5) NMAC.
20. The Operator shall commence drilling the Well(s) within one year after the date of this Order, and complete each Well no later than one (1) year after the commencement of drilling the Well.
21. This Order shall terminate automatically if Operator fails to comply with Paragraph 20 unless Operator obtains an extension by amending this Order for good cause shown.
22. The infill well requirements in 19.15.13.9 NMAC through 19.15.13.12 NMAC shall be applicable.
23. Operator shall submit each owner of an uncommitted working interest in the pool ("Pooled Working Interest") an itemized schedule of estimated costs to drill, complete, and equip the well ("Estimated Well Costs").
24. No later than thirty (30) days after Operator submits the Estimated Well Costs, the owner of a Pooled Working Interest shall elect whether to pay its share of the Estimated Well Costs or its share of the actual costs to drill, complete and equip the well ("Actual Well Costs") out of production from the well. An owner of a Pooled

CASE NO. 23478  
ORDER NO. R-22739

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Working Interest who elects to pay its share of the Estimated Well Costs shall render payment to Operator no later than thirty (30) days after the expiration of the election period, and shall be liable for operating costs, but not risk charges, for the well. An owner of a Pooled Working Interest who fails to pay its share of the Estimated Well Costs or who elects to pay its share of the Actual Well Costs out of production from the well shall be considered to be a "Non-Consenting Pooled Working Interest."

25. No later than one hundred eighty (180) days after Operator submits a Form C-105 for a well, Operator shall submit to each owner of a Pooled Working Interest an itemized schedule of the Actual Well Costs. The Actual Well Costs shall be considered to be the Reasonable Well Costs unless an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Reasonable Well Costs after public notice and hearing.
26. No later than sixty (60) days after the expiration of the period to file a written objection to the Actual Well Costs or OCD's order determining the Reasonable Well Costs, whichever is later, each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs shall pay to Operator its share of the Reasonable Well Costs that exceed the Estimated Well Costs, or Operator shall pay to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs its share of the Estimated Well Costs that exceed the Reasonable Well Costs.
27. The reasonable charges for supervision to drill and produce a well ("Supervision Charges") shall not exceed the rates specified in Exhibit A, provided however that the rates shall be adjusted annually pursuant to the COPAS form entitled "Accounting Procedure-Joint Operations."
28. No later than within ninety (90) days after Operator submits a Form C-105 for a well, Operator shall submit to each owner of a Pooled Working Interest an itemized schedule of the reasonable charges for operating and maintaining the well ("Operating Charges"), provided however that Operating Charges shall not include the Reasonable Well Costs or Supervision Charges. The Operating Charges shall be considered final unless an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Operating Charges after public notice and hearing.
29. Operator may withhold the following costs and charges from the share of production due to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs: (a) the proportionate share of the Supervision Charges; and (b) the proportionate share of the Operating Charges.

30. Operator may withhold the following costs and charges from the share of production due to each owner of a Non-Consenting Pooled Working Interest: (a) the proportionate share of the Reasonable Well Costs; (b) the proportionate share of the Supervision and Operating Charges; and (c) the percentage of the Reasonable Well Costs specified as the charge for risk described in Exhibit A.
31. Operator shall distribute a proportionate share of the costs and charges withheld pursuant to paragraph 29 to each Pooled Working Interest that paid its share of the Estimated Well Costs.
32. Each year on the anniversary of this Order, and no later than ninety (90) days after each payout, Operator shall provide to each owner of a Non-Consenting Pooled Working Interest a schedule of the revenue attributable to a well and the Supervision and Operating Costs charged against that revenue.
33. Any cost or charge that is paid out of production shall be withheld only from the share due to an owner of a Pooled Working Interest. No cost or charge shall be withheld from the share due to an owner of a royalty interests. For the purpose of this Order, an unleased mineral interest shall consist of a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest.
34. Except as provided above, Operator shall hold the revenue attributable to a well that is not disbursed for any reason for the account of the person(s) entitled to the revenue as provided in the Oil and Gas Proceeds Payment Act, NMSA 1978, Sections 70-10-1 *et seq.*, and relinquish such revenue as provided in the Uniform Unclaimed Property Act, NMSA 1978, Sections 7-8A-1 *et seq.*
35. The Unit shall terminate if (a) the owners of all Pooled Working Interests reach a voluntary agreement; or (b) the well(s) drilled on the Unit are plugged and abandoned in accordance with the applicable rules. Operator shall inform OCD no later than thirty (30) days after such occurrence.
36. OCD retains jurisdiction of this matter for the entry of such orders as may be deemed necessary.

**STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION**



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**DYLAN M FUGE**  
**DIRECTOR**  
DMF/hat

**Date:** 6/7/23

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ORDER NO. R-22739

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## Exhibit A

Received by OCD: 5/2/2023 4:40:44 PM

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<b>COMPULSORY POOLING APPLICATION CHECKLIST</b>	
<b>ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS</b>	
<b>Case: 23478</b>	<b>APPLICANT'S RESPONSE</b>
<b>Date: May 4, 2023</b>	
Applicant	<b>Earthstone Operating, LLC</b>
Designated Operator & OGRID (affiliation if applicable)	<b>331165</b>
Applicant's Counsel:	Darin C. Savage - Abadie & Schill, PC
Case Title:	APPLICATION OF EARTHSTONE OPERATING, LLC, FOR A HORIZONTAL SPACING UNIT AND COMPULSORY POOLING, LEA COUNTY, NEW MEXICO
Entries of Appearance/Intervenors:	Devon Energy Production Company, L.P.; MRC Permian Company
Well Family	Outland
<b>Formation/Pool</b>	
Formation Name(s) or Vertical Extent:	Bone Spring formation
Primary Product (Oil or Gas):	Oil
Pooling this vertical extent:	Bone Spring formation
Pool Name and Pool Code:	Wilson; Bone Spring formation; Pool Code: 64560
Well Location Setback Rules:	Statewide Rules
<b>Spacing Unit</b>	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	285.00 acres, more or less
Building Blocks:	Quarter Quarter Sections (40 acre blocks) (equivalent Lots)
Orientation:	South-North
Description: TRS/County	Lots 1 through 4 (W/2 W/2 equivalent) of Sections 7 and 18, all in Township 21 South, Range 35 East, NMPM, Lea County, New Mexico
Standard Horizontal Well Spacing Unit (Y/N), If No, describe and is approval of non-standard unit requested in this application?	Yes, standard spacing unit
<b>Other Situations</b>	
Depth Severance: Y/N. If yes, description	No, N/A
Proximity Tracts: If yes, description	No
Proximity Defining Well: if yes, description	N/A
Applicant's Ownership in Each Tract	See Exhibit A-2: Ownership
<b>Well(s)</b>	

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ORDER NO. R-22739

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Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)	Add wells as needed
Well #1	Outland 18-7 State Com 111H Well (API No. 30-015-Pending), SHL: Unit N, 145' FSL, 1570' FWL, Section 18, T21S-R35E, NMPM; BHL: Lot 1, 50' FNL, 990' FWL, Section 7, T21S-R35E, NMPM, standup, standard
Horizontal Well First and Last Take Points	Outland 18-7 State Com 111H Well: FTP 100' FSL, 990' FWL, Section 18, LTP 100' FNL, 990' FWL, Section 7
Completion Target (Formation, TVD and MD)	Outland 18-7 State Com 111H Well: TVD approx. 9,257', TMD 19,000'; Bone Spring formation, See Exhibit A and B-4
Well #2	Outland 18-7 State Com 221H Well, SHL: Unit N, 145' FSL, 1540' FWL, Section 18, T21S-R35E, NMPM; BHL: Lot 1, 50' FNL, 330' FWL, Section 7, standup, standard
Horizontal Well First and Last Take Points	Outland 18-7 State Com 221H Well: FTP 100' FSL, 330' FWL, Section 18, LTP 100' FNL, 330' FWL, Section 7
Completion Target (Formation, TVD and MD)	Outland 18-7 State Com 221H Well: TVD approx. 10,032', TMD 20,000'; Bone Spring formation, See Exhibit A and B-4
<b>AFE Capex and Operating Costs</b>	
Drilling Supervision/Month \$	\$7,500, Exhibit A
Production Supervision/Month \$	\$750, Exhibit A
Justification for Supervision Costs	Exhibit A
Requested Risk Charge	200%, Exhibit A
<b>Notice of Hearing</b>	
Proposed Notice of Hearing	Exhibit C, C-1
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit C-2, C-4
Proof of Published Notice of Hearing (10 days before hearing)	Exhibit C-3, C-4
<b>Ownership Determination</b>	
Land Ownership Schematic of the Spacing Unit	Exhibit A-2
Tract List (including lease numbers and owners)	Exhibit A-2
If approval of Non-Standard Spacing Unit is requested, Tract List (including lease numbers and owners) of Tracts subject to notice requirements.	N/A
Pooled Parties (including ownership type)	Exhibit A-2
Unlocatable Parties to be Pooled	Exhibit A, Para. 14
Ownership Depth Severance (including percentage above & below)	N/A

<b>Joinder</b>	
Sample Copy of Proposal Letter	Exhibit A-3
List of Interest Owners (ie Exhibit A of JOA)	Exhibit A-2
Chronology of Contact with Non-Joined Working Interests	Exhibit A-4
Overhead Rates In Proposal Letter	Exhibit A-3
Cost Estimate to Drill and Complete	Exhibit A-3
Cost Estimate to Equip Well	Exhibit A-3
Cost Estimate for Production Facilities	Exhibit A-3
<b>Geology</b>	
Summary (including special considerations)	Exhibit B
Spacing Unit Schematic	Exhibit B-1
Gunbarrel/Lateral Trajectory Schematic	Exhibit B-5
Well Orientation (with rationale)	Exhibit B-2, B-3
Target Formation	Exhibit B-2, B-3, B-4, B-5
HSU Cross Section	Exhibit B-4, B-5
Depth Severance Discussion	N/A
<b>Forms, Figures and Tables</b>	
C-102	Exhibit A-1
Tracts	Exhibit A-2
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit A-2
General Location Map (including basin)	Exhibit A-2, B-1
Well Bore Location Map	Exhibit A-1; Exhibit B-5
Structure Contour Map - Subsea Depth	Exhibit B-2, B-3
Cross Section Location Map (including wells)	Exhibit B-4, B-5
Cross Section (including Landing Zone)	Exhibit B-4
<b>Additional Information</b>	
Special Provisions/Stipulations	N/A
<b>CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.</b>	
Printed Name (Attorney or Party Representative):	Darin C. Savage
Signed Name (Attorney or Party Representative):	/s/ Darin Savage
Date:	May 2, 2023

**STATE OF NEW MEXICO  
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES  
OIL CONSERVATION DIVISION**

**APPLICATION OF EARTHSTONE  
OPERATING, LLC TO EXTEND TIME  
TO COMMENCE DRILLING OPERATIONS,  
LEA COUNTY, NEW MEXICO.**

**CASE NO. 24383  
ORDER NO. R-22739**

**SELF-AFFIRMED STATEMENT  
OF DANA S. HARDY**

1. I am attorney in fact and authorized representative of Earthstone Operating, LLC, the Applicant herein.

2. I am familiar with the Notice Letter attached as **Exhibit B-1** and caused the Notice Letter, along with the Application in this case, to be sent to the parties set out in the chart attached as **Exhibit B-2**.

3. Exhibit B-2 also provides the date each Notice Letter was sent and the date each return was received.

4. Copies of the certified mail green cards and white slips are attached as **Exhibit B-3** as supporting documentation for proof of mailing and the information provided on Exhibit B-2.

5. On April 11, 2024, I caused a notice to be published to all interested parties in the Hobbs News-Sun. An Affidavit of Publication from the Legal Clerk of the Hobbs News-Sun, along with a copy of the notice publication, is attached as **Exhibit B-4**.

6. I understand this Self-Affirmed Statement will be used as written testimony in the subject cases. I affirm that my testimony above is true and correct and it made under penalty of perjury under the laws of the State of New Mexico. My testimony is made as of the date handwritten next to my signature below.

/s/ Dana S. Hardy  
Dana S. Hardy

April 26, 2024  
Date

**Earthstone Operating, LLC  
Case No. 24383  
Exhibit B**





hinklelawfirm.com

# HINKLE SHANOR LLP

ATTORNEYS AT LAW

P.O. BOX 2068

SANTA FE, NEW MEXICO 87504

505-982-4554 (FAX) 505-982-8623

WRITER:  
Dana S. Hardy, Partner  
dhardy@hinklelawfirm.com

April 9, 2024

**VIA CERTIFIED MAIL**  
**RETURN RECEIPT REQUESTED**

## TO ALL PARTIES ENTITLED TO NOTICE

**Re: Case Nos. 24382 & 24383 – Applications of Earthstone Operating, LLC to Extend Time to Commence Drilling Operations Under Order Nos. R-22738 & R-22739, Lea County, New Mexico.**

To whom it may concern:

This letter is to advise you that the enclosed applications were filed with the New Mexico Oil Conservation Division. The hearing will be conducted on **May 2, 2024**, beginning at 8:15 a.m.

The hearing will be conducted in a hybrid fashion, both in-person at the Energy, Minerals, Natural Resources Department, Wendell Chino Building, Pecos Hall, 1220 South St. Francis Drive, 1st Floor, Santa Fe, NM 87505 and via the WebEx virtual meeting platform. To participate virtually, see the instructions posted on the OCD Hearings website: <https://www.emnrd.nm.gov/ocd/hearing-info/>. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Pursuant to Division Rule 19.15.4.13.B, a party who intends to present evidence at the hearing shall file a pre-hearing statement and serve copies on other parties, or the attorneys of parties who are represented by counsel, at least four business days in advance of a scheduled hearing, but in no event later than 5:00 p.m. Mountain Time, on the Thursday preceding the scheduled hearing date. The statement must be submitted through the OCD E-Permitting system (<https://wwwapps.emnrd.nm.gov/ocd/ocdpermitting/>) or via e-mail to [ocd.hearings@emnrd.nm.gov](mailto:ocd.hearings@emnrd.nm.gov) and should include: the names of the parties and their attorneys, a concise statement of the case, the names of all witnesses the party will call to testify at the hearing, the approximate time the party will need to present its case, and identification of any procedural matters that are to be resolved prior to the hearing.

Please contact Mason Maxwell, New Mexico Landman, Permian Resources – 432-400-0188, [mason.maxwell@permianres.com](mailto:mason.maxwell@permianres.com), if you have questions regarding these matters.

Sincerely,

/s/ Dana S. Hardy

Dana S. Hardy

**Earthstone Operating, LLC**

**Case No. 24383**

**Exhibit B-1**

Enclosure

PO BOX 10  
ROSWELL, NEW MEXICO 88202  
(575) 622-6510  
FAX (575) 623-9332

7601 JEFFERSON ST NE · SUITE 180  
ALBUQUERQUE, NEW MEXICO 87109  
505-858-8320  
(FAX) 505-858-8321

PO BOX 2068  
SANTA FE, NEW MEXICO 87504  
(505) 982-4554  
FAX (505) 982-8623



**STATE OF NEW MEXICO  
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES  
OIL CONSERVATION DIVISION**

**APPLICATIONS OF EARTHSTONE  
OPERATING, LLC TO EXTEND TIME  
TO COMMENCE DRILLING OPERATIONS,  
LEA COUNTY, NEW MEXICO.**

**Case Nos. 24382 & 24383  
Order Nos. R-22738 & R-22739**

**NOTICE LETTER CHART**

<b>PARTY</b>	<b>NOTICE LETTER SENT</b>	<b>RETURN RECEIVED</b>
Devon Energy Production Company, LP 333 W. Sheridan Avenue Oklahoma City, OK 73102	04/09/24	04/18/24
Timothy R. MacDonald 3003 Paleo Point College Station, TX 77845	04/09/24	04/15/24
Maverick Oil & Gas Corp. 1001 W Wall Street Midland, TX 79701	04/09/24	04/15/24

**Earthstone Operating, LLC  
Case No. 24383  
Exhibit B-2**

**U.S. Postal Service™**  
**CERTIFIED MAIL® RECEIPT**  
*Domestic Mail Only*

For delivery information, visit our website at [www.usps.com](http://www.usps.com)®.

OFFICIAL USE

9589 0710 5270 0725 3422 39

Certified Mail Fee \$ _____	
Extra Services & Fees (check box, add fee as appropriate)	
<input type="checkbox"/> Return Receipt (hardcopy) \$ _____	
<input type="checkbox"/> Return Receipt (electronic) \$ _____	
<input type="checkbox"/> Certified Mail Restricted Delivery \$ _____ <input type="checkbox"/> Adult Signature Required \$ _____ <input type="checkbox"/> Adult Signature Restricted Delivery \$ _____	
Postage \$ _____	
Total Postage and Fees \$ _____	
Sent To: Devon Energy Production Company, LP Street: 333 W. Sheridan Avenue City: Oklahoma City, OK 73102 24382-83 - Earthstone Outland Ext.	

PS Form 3800, January 2023 PSN 7530-02-000-9047 See Reverse for Instructions

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
<ul style="list-style-type: none"> <li>■ Complete items 1, 2, and 3.</li> <li>■ Print your name and address on the reverse so that we can return the card to you.</li> <li>■ Attach this card to the back of the mailpiece, or on the front if space permits.</li> </ul>	<p>A. Signature    <input type="checkbox"/> Agent  <input type="checkbox"/> Addressee</p> <p>B. Received by (Printed Name) _____ C. Date of Delivery _____</p> <p>D. Is delivery address different from item 1? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No          If YES, enter delivery address below: _____</p>
<p>1. Article Addressed to:</p> <p style="text-align: center; font-size: 1.2em;">Devon Energy Production Company, LP 333 W. Sheridan Avenue Oklahoma City, OK 73102</p> <p style="text-align: center; font-size: 0.8em;">24382-83 - Earthstone Outland Ext.</p> <div style="text-align: center;">             9590 9402 8595 3244 3769 69         </div>	<div style="text-align: center; font-size: 2em; opacity: 0.5;">RECEIVED</div> <div style="text-align: center; font-size: 1.5em; color: red;">APR 18 2024</div>
<p>2. Article Number (Transfer from service label)  <b>9589 0710 5270 0725 3422 39</b></p>	<p>3. Service Type <b>Hinkle Shanor LLC</b>  <input type="checkbox"/> Priority Mail Express®  <input checked="" type="checkbox"/> Registered Mail™  <input type="checkbox"/> Adult Signature Restricted Delivery  <input type="checkbox"/> Registered Mail Restricted Delivery  <input type="checkbox"/> Certified Mail®  <input type="checkbox"/> Signature Confirmation™  <input type="checkbox"/> Certified Mail Restricted Delivery  <input type="checkbox"/> Signature Confirmation Restricted Delivery  <input type="checkbox"/> Collect on Delivery  <input type="checkbox"/> Signature Confirmation Restricted Delivery  <input type="checkbox"/> Collect on Delivery Restricted Delivery  <input type="checkbox"/> Insured Mail  <input type="checkbox"/> Insured Mail Restricted Delivery (over \$500)</p>
PS Form 3811, July 2020 PSN 7530-02-000-9053	Domestic Return Receipt

**Earthstone Operating, LLC**  
**Case No. 24383**  
**Exhibit B-3**

9589 0710 5270 0725 3422 22

**U.S. Postal Service™**  
**CERTIFIED MAIL® RECEIPT**  
 Domestic Mail Only

For delivery information, visit our website at [www.usps.com](http://www.usps.com)®.

**OFFICIAL USE**

Certified Mail Fee \$ \_\_\_\_\_

Extra Services & Fees (check box, add fees as appropriate)

Return Receipt (hardcopy) \$ \_\_\_\_\_

Return Receipt (electronic) \$ \_\_\_\_\_

Certified Mail Restricted Delivery \$ \_\_\_\_\_

Adult Signature Required \$ \_\_\_\_\_

Adult Signature Restricted Delivery \$ \_\_\_\_\_

Postage \$ \_\_\_\_\_

Total Postage and Fees \$ \_\_\_\_\_

Sent To: Timothy R. MacDonald  
 Street: 3003 Paleo Point  
 College Station, TX 77845  
 City: 24382-83 - Earthstone Outland Ext.

Postmark Here  
 APR 09 2024

PS Form 3800, January 2023 PSN 7530-02-000-8047 See Reverse for Instructions

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
<ul style="list-style-type: none"> <li>Complete items 1, 2, and 3.</li> <li>Print your name and address on the reverse so that we can return the card to you.</li> <li>Attach this card to the back of the mailpiece, or on the front if space permits.</li> </ul>	<p>A. Signature <input checked="" type="checkbox"/> Agent  <input checked="" type="checkbox"/> Addressee</p> <p>B. Received by (Printed Name) _____ C. Date of Delivery _____</p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes          If YES, enter delivery address below: <input type="checkbox"/> No</p>
<p>1. Article Addressed to:</p> <p>Timothy R. MacDonald          3003 Paleo Point          College Station, TX 77845          24382-83 - Earthstone Outland Ext.</p>	<p><b>RECEIVED</b>          APR 15 2024</p>
<p>2. Article Number (Transfer from service label)          9589 0710 5270 0725 3422 22</p>	<p>3. Service Type <input checked="" type="checkbox"/> Hinkle Shanor LLC  <input type="checkbox"/> Adult Signature Restricted Delivery \$750  <input type="checkbox"/> Adult Signature Restricted Delivery  <input type="checkbox"/> Certified Mail®  <input type="checkbox"/> Certified Mail Restricted Delivery  <input type="checkbox"/> Collect on Delivery  <input type="checkbox"/> Collect on Delivery Restricted Delivery  <input type="checkbox"/> Insured Mail  <input type="checkbox"/> Insured Mail Restricted Delivery (over \$500)</p> <p><input type="checkbox"/> Priority Mail Express®  <input type="checkbox"/> Registered Mail™  <input type="checkbox"/> Registered Mail Restricted Delivery  <input type="checkbox"/> Signature Confirmation™  <input type="checkbox"/> Signature Confirmation Restricted Delivery</p>
PS Form 3811, July 2020 PSN 7530-02-000-9053	Domestic Return Receipt



9589 0710 5270 0725 3422 15

**U.S. Postal Service™**  
**CERTIFIED MAIL® RECEIPT**  
*Domestic Mail Only*

For delivery information, visit our website at [www.usps.com](http://www.usps.com)®.

**OFFICIAL USE**

Certified Mail Fee \$ \_\_\_\_\_

Extra Services & Fees (check box, add fee as appropriate)

Return Receipt (hardcopy) \$ \_\_\_\_\_

Return Receipt (electronic) \$ \_\_\_\_\_

Certified Mail Restricted Delivery \$ \_\_\_\_\_

Adult Signature Required \$ \_\_\_\_\_

Adult Signature Restricted Delivery \$ \_\_\_\_\_

Postage \$ \_\_\_\_\_

Total Postage and Fees \$ \_\_\_\_\_


Sent To: \_\_\_\_\_

Street: **Maverick Oil & Gas Corp.**  
**1001 W Wall Street**  
**Midland, TX 79701**

City: \_\_\_\_\_  
 24382-83 - Earthstone Outland Ext.

Postmark Here  
**APR 09 2024**

PS Form 3800, January 2023 PSN 7530-02-000-9047 See Reverse for Instructions

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
<ul style="list-style-type: none"> <li>Complete items 1, 2, and 3.</li> <li>Print your name and address on the reverse so that we can return the card to you.</li> <li>Attach this card to the back of the mailpiece, or on the front if space permits.</li> </ul>	<p>A. Signature <input checked="" type="checkbox"/> Agent <input type="checkbox"/> Addressee</p> <p>B. Received by (Printed Name) _____</p> <p>C. Date of Delivery _____</p>
<p>1. Article Addressed to:</p> <p><b>Maverick Oil &amp; Gas Corp.</b>  <b>1001 W Wall Street</b>  <b>Midland, TX 79701</b></p> <p>24382-83 - Earthstone Outland Ext</p>  <p>9590 9402 8595 3244 3769 83</p>	<p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>If YES, enter delivery address below: _____</p> <p><b>RECEIVED</b>  <b>APR 15 2024</b></p>
<p>2. Article Number (Transfer from service label)  <b>9589 0710 5270 0725 3422 15</b></p>	<p>3. Service Type</p> <p><input type="checkbox"/> Adult Signature <input type="checkbox"/> Priority Mail Express®</p> <p><input type="checkbox"/> Adult Signature Restricted Delivery <input type="checkbox"/> Registered Mail™</p> <p><input type="checkbox"/> Certified Mail® <input type="checkbox"/> Registered Mail Restricted Delivery</p> <p><input type="checkbox"/> Certified Mail Restricted Delivery <input type="checkbox"/> Signature Confirmation™</p> <p><input type="checkbox"/> Collect on Delivery <input type="checkbox"/> Signature Confirmation Restricted Delivery</p> <p><input type="checkbox"/> Collect on Delivery Restricted Delivery <input type="checkbox"/> Insured Mail</p> <p><input type="checkbox"/> Insured Mail Restricted Delivery (over \$500)</p>
PS Form 3811, July 2020 PSN 7530-02-000-9053	Domestic Return Receipt

# Affidavit of Publication

STATE OF NEW MEXICO  
COUNTY OF LEA

I, Daniel Russell, Publisher of the Hobbs News-Sun, a newspaper published at Hobbs, New Mexico, solemnly swear that the clipping attached hereto was published in the regular and entire issue of said newspaper, and not a supplement thereof for a period of 1 issue(s).

Beginning with the issue dated  
April 11, 2024  
and ending with the issue dated  
April 11, 2024.



Publisher

Sworn and subscribed to before me this  
11th day of April 2024.



Business Manager

My commission expires

January 29, 2027  
STATE OF NEW MEXICO  
(Seal) NOTARY PUBLIC  
GUSSIE RUTH BLACK  
COMMISSION # 1087526  
COMMISSION EXPIRES 01/29/2027

This newspaper is duly qualified to publish legal notices or advertisements within the meaning of Section 3, Chapter 167, Laws of 1937 and payment of fees for said publication has been made.

LEGAL	LEGAL
<b>LEGAL NOTICE</b> April 11, 2024	
<p>This is to notify all interested parties, including Devon Energy Production Company, LP; Timothy R. MacDonald; Maverick Oil &amp; Gas Corp.; and their successors and assigns, that the New Mexico Oil Conservation Division will conduct a hearing on an application submitted by Earthstone Operating, LLC (Case No. 24383). The hearing will be conducted on May 2, 2024 in a hybrid fashion, both in-person at the Energy, Minerals, Natural Resources Department, Wendell Chino Building, Pecos Hall, 1220 South St. Francis Drive, 1st Floor, Santa Fe, NM 87505 and via the WebEx virtual meeting platform. To participate virtually, see the instructions posted on the OCD Hearings website: <a href="https://www.emnrd.nm.gov/ocd/hearing-info/">https://www.emnrd.nm.gov/ocd/hearing-info/</a>. Earthstone Operating, LLC ("Applicant") requests a one-year extension of time to commence drilling the wells authorized by Order No. R-22739. Order No. R-22739 was issued on June 7, 2023, approving a 285-acre, more or less, standard horizontal spacing unit comprised of Lots 1 through 4 (W/2 W/2 equivalent) of Sections 7 and 18, Township 21 South, Range 35 East, Lea County, New Mexico ("Unit"), and designating Applicant as operator of the Unit. The Order further pooled all uncommitted interests within the Bone Spring formation underlying the Unit and dedicated the Unit to the <b>Outland 18-7 State Com 111H</b> and <b>Outland 18-7 State Com 221H</b> wells (collectively "Wells"). The Order requires Applicant to commence drilling the Wells within one year of the date of the Order unless Applicant obtains a time extension from the Division Director for good cause shown. Applicant requests that the Division extend the deadline to commence drilling the Wells until June 7, 2025. The Wells are located approximately 15 miles northwest of Eunice, New Mexico. #00289184</p>	

02107475

00289184

GILBERT  
HINKLE, SHANOR LLP  
PO BOX 2068  
SANTA FE, NM 87504

**Earthstone Operating, LLC**  
**Case No. 24383**  
**Exhibit B-4**